

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 /033 R

DRAFTED BY EB/OA/AN:WARILEY:EW  
APPROVED BY EB/TCA:JWBILLER  
EUR/WE-EJBEIGEL  
CAB-FMURPHY  
EUR/RPE-PLAASE  
EB/OA-MHSTYLES

-----007809 011944Z /66

R 010947Z OCT 77  
FM SECSTATE WASHDC  
TO AMEMBASSY ROME

C O N F I D E N T I A L STATE 236988

E.O. 11652: GDS

TAGS:EAIR, IT

SUBJECT:CIVAIR: WINTER SCHEDULES

REF: ROME 15046

1. WE HAVE CAREFULLY ANALYZED GOI POSITION ON WINTER SCHEDULES. USG HOLDS TO USDEL INTERPRETATION AT JUNE, 1977 CONSULTATIONS THAT ANY FREEZE WOULD APPLY TO AIRLINES OF BOTH SIDES. HOWEVER, ANY CAPACITY FREEZE, EITHER ON ONE PARTY OR ON BOTH SIDES, APPEARS INAPPROPRIATE FOR THE SMALL CAPACITY INCREASES TWA AND ALITALIA PLAN.
  2. CAPACITY INCREASES BY BOTH SIDES ARE MODEST. US AIRLINES PLAN AN ADDITIONAL 572 WEEKLY ROUNDTRIP SEATS WHILE ALITALIA PLANS AN EXTRA 351 SEATS. LAST WINTER, 14,214 WEEKLY ROUNDTRIP SEATS WERE OPERATED BETWEEN US AND ITALY.
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ALITALIA INCREASED ITS SEAT FACTOR DURING THE FIRST HALF OF 1977 WITH TOTAL PASSENGERS CARRIED DURING THE PERIOD UP 18 PERCENT OVER THE SAME PERIOD LAST YEAR. IT IS NOT CREDIBLE TO US THAT TWA'S SMALL INCREASE WILL BE HARMFUL TO ALITALIA.

3. USG AGREES WITH APPARENT GOI POSITION THAT CAPACITY

FREEZE AS APPLIED TO US AIRLINES WOULD LIMIT US AIRLINES'  
AGGREGATE WINTER CAPACITY IRRESPECTIVE OF DISTRIBUTION OF

ALLOWABLE CAPACITY AMONG US AIRLINES, OR BY CITY PAIR OR  
TYPE OF EQUIPMENT. THUS, IF ALITALIA MOTIVATION IS TO  
BLUNT NEW WIDEBODIED COMPETITION AT MILAN, AGGREGATE  
CEILING WOULD ALLOW TWA FLEXIBILITY TO MAINTAIN SCHEDULED  
WIDEBODIED COMPETITION AT MILAN BY REDUCING OPERATIONS AT  
ROME.

4. BEYOND ABOVE ECONOMIC AND AVIATION POLICY ARGUMENTS,  
ADMINISTRATION IS DETERMINED TO FOSTER EFFECTIVE INTER-  
NATIONAL AIRLINE COMPETITION IN ORDER TO BENEFIT THE  
TRAVELLING PUBLIC.

5. ACTION REQUESTED: DRAWING ON THE ABOVE, DEPARTMENT  
HOPES EMBASSY CAN PERSUADE ITALIAN AUTHORITIES TO ALLOW  
FINAL US AIRLINES' WINTER SCHEDULES TO GO INTO EFFECT  
IN RETURN FOR US APPROVAL OF ALITALIA'S SCHEDULES. IF  
THE ITALIAN AUTHORITIES ARE UNWILLING TO DO THIS, EMBASSY  
SHOULD PROPOSE THAT EACH SIDE RESERVE ITS POSITION, LET  
THE WINTER SCHEDULES GO INTO EFFECT UNDER CLOSE  
MONITORING, AND HOLD TALKS PROMPTLY IF MONITORING IN-  
DICATES CLEAR CASE OF EXCESS CAPACITY.

6. ON SEPTEMBER 29, SERAFINI OF ITALIAN EMBASSY TELEPHONED  
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TO SAY HE HAD BEEN ASKED TO PROPOSE THAT US-ITALY NEGOTIATIONS ON REVISION AGREEMENT BE RESUMED IN ROME FOR ONE WEEK DURING FIRST HALF OF NOVEMBER. HE ALSO SAID THAT ITALIANS FELT IT WOULD BE APPROPRIATE FOR US RAISE LEVEL OF ITS DELEGATION IN VIEW FACT ITALIAN DELEGATION WOULD BE LED AT AMBASSADORIAL LEVEL. DEPTOFF REPLIED HE WOULD HAVE TO DISCUSS PROPOSAL WITH OTHERS BUT NOTED THERE MIGHT BE PROBLEMS WITH DATES SUGGESTED FYI. DEPT. WILL HAVE TO CONSIDER VERY CAREFULLY HOW TO RESPOND TO REQUEST TO RESUME NEGOTIATIONS IN MANNER PROPOSED. COMMITMENTS WE HAVE ALREADY MADE FOR BOTH MAJOR AND MINOR CIVIL AIR NEGOTIATIONS WITH OTHER COUNTRIES THROUGH END OF YEAR MAY WELL MAKE IT MOST DIFFICULT TO TAKE ON ITALIANS AGAIN THIS YEAR PARTICULARLY IF LEVEL OF USDEL IS TO BE RAISED. ON OTHER HAND, ITALIANS MAY BE UNWILLING RESPOND FAVORABLY TO OUR PROPOSAL RE WINTER CAPACITY FREEZE IF WE SAY WE CANNOT RESUME REVISION TALKS UNTIL NEXT YEAR. THEREFORE, DEPARTMENT WILL DEFER RESPONDING TO ITALIAN REQUEST FOR NEGOTIATIONS UNTIL EMBASSY OBTAINS ITALIAN REACTION TO OUR PROPOSAL ON WINTER CAPACITY. END FYI.  
CHRISTOPHER

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Executive Order:** GS  
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**TAGS:** EAIR, IT  
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**Review Markings:**  
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